

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7127

BILL NUMBER: SB 337

NOTE PREPARED: Feb 15, 2007

BILL AMENDED: Feb 13, 2007

SUBJECT: Property tax informational statements.

FIRST AUTHOR: Sen. Riegsecker

FIRST SPONSOR: Rep. Dvorak

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill provides that after 2007 the county treasurer is not required to mail a property tax informational statement with each property tax bill, but must instead provide the information to the taxpayer or mortgagee upon request. It specifies certain information that must be included on property tax bills. It also specifies certain requirements concerning the mailing or transmitting of property tax bills.

Effective Date: January 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Under current law, county treasurers are required to send a tax bill to either the taxpayer or mortgagee. The tax bill contains the tax rate, the dollar amount of tax and each special assessment owed, and the taxing authority levying the tax. For taxes payable in CY 2008 and after, county treasurers are required to send the tax bill to both the taxpayer and the mortgagee. In addition to the tax bill, county treasurers are also required to send a PTSC (outlined below) to both the taxpayer and mortgagee.

Under this proposal, for taxes payable in CY 2008 and after, the tax bill must also include the following:

1. The net tax amount of the current and preceding years for each taxing district.

2. A listing of all exemptions the taxpayer is entitled to, and the amount of exemptions the taxpayer is currently receiving.

The county treasurer would not be required to mail the PTSC to the taxpayer and mortgagee. Instead, as stated on the tax bill, the treasurer will provide the PTSC upon request. The taxpayer or mortgagee requesting the PTSC must specify how they would like the information to be sent to them—via telephone, regular mail or electronic mail.

This proposal could will reduce administrative expenses for counties. Under current law, postage costs for the counties would have increased in CY 2008 as they are required to send the tax bill and the PTSC to both the taxpayer and mortgagee. Under this proposal the PTSC is optional and is required to be sent only upon request. As a result, counties will save postage costs that they would have incurred for the PTSC. Some counties could also potentially save on not having to purchase machinery and software used to match the tax bill and the PTSC or the cost of out-sourcing this requirement. The additional information required on the tax bill could cause some counties to incur additional programming costs in changing the format of their current tax bill to include the additional information outlined above. However, this is not expected to be substantial.

Background Information on Administrative Expenses: Hendricks County Treasurer's office indicated that the office currently mails tax bills to about 55% of its 70,000 taxpayers (the remaining 45% are to mortgagees). They already mail bills to those taxpayers whose tax bills now go to the mortgagee; at approximately \$0.70 per mailing this cost is estimated at approximately \$22,000. If the office also had to mail a PTSC to both the taxpayer and mortgagee, and the PTSC could not be included with the original tax bill, the office estimates a cost of approximately \$71,000 beginning in CY 2008. Under this proposal, the county would save the majority of this cost as not every taxpayer or mortgagee is expected to request a PTSC, and some of those who do might request the document via electronic mail or fax. The treasurer's office also indicated that cost of software and machinery to match the tax bill and the PTSC is about \$30,000. This one-time cost would be needed in order to reduce postage costs.

All 92 county treasurer's offices have fax capability and 90 of the 92 offices currently have electronic mail capability so the additional costs of faxing or emailing a PTSC is minimal.

Background Information on the PTSC: The PTSC is required to have the following information:

1. A breakdown showing the total property tax and special assessment liability and the amount of the taxpayer's liability that will be distributed to each taxing unit in the county;
2. An itemized listing for each property tax levy including the tax rate, the entity levying the tax owed, and the dollar amount of the tax owed;
3. Information designed to show the manner in which the taxes and special assessments billed in the tax statement are to be used;
4. A comparison showing any change in the assessed valuation for the property as compared to the previous year;
5. A comparison showing any change in the property tax and special assessment liability for the property as compared to the previous year. This includes a breakdown of the taxpayer's liability to each

taxing unit in which the property is located in the current and previous years, and the percentage change, if any, in the amount of the taxpayer's liability to each taxing unit in which the property is located from the previous year to the current year;

6. An explanation of the homestead credit and all property tax deductions, the procedure and deadline for filing for the homestead credit and each deduction; and procedures and forms for filing an appeal or petition of a current assessment;

7. A checklist that shows the homestead credit and all property tax deductions and whether each apply in the current statement to the property.

Explanation of Local Revenues:

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County treasurers.

Information Sources: Amy Roberts, Hendricks County Treasurer, 317-714-8435; Indiana County Treasurer's Association website; Local Government Database.

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